

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities
Date of Meeting: March 3, 2006
Time of Meeting: 8:15 a.m. (meeting began @ 8:17 a.m.)
Place of Meeting: Art Pick Council Chamber, City Hall
3900 Main Street (at Tenth & Main Streets)
Riverside, California

PLEDGE OF ALLEGIANCE WAS GIVEN TO THE FLAG

Roll Call

Present: Peter Hubbard	Jim Anderson
Bob Stockton	Ken Sutter
Joe Tavaglione	Dave Barnhart
Mary Curtin	Robert Elliott

Absent: Lalit Acharya (absent due to vacation).

Assistant City Manager Michael Beck attended this meeting.

INTRODUCTION OF NEW BOARD MEMBERS

General Manager Wright introduced Mary Curtin and Bob Elliott as newly appointed Board Members.

ELECTION OF PUBLIC UTILITIES BOARD OFFICERS

(A) Chair

Board Chair Peter Hubbard nominated Vice Chair Jim Anderson to the position as Chair of the Board of Public Utilities. No others were nominated so the election of Chair was officially closed and the Board of Public Utilities approved the nomination of Jim Anderson to the position of Chair.

Motion – Hubbard. Second – Barnhart.

Ayes: Hubbard, Anderson, Barnhart, Tavaglione, Sutter, Stockton, Curtin, and Elliott

Noes: None

Abstain: None

Absent: Acharya

(B) Vice Chair

Newly appointed Chair Anderson nominated Board Member Joe Tavaglione to the position as Vice Chair of the Board of Public Utilities. No others were nominated so the election of Vice-Chair was officially closed and the Board of Public Utilities approved the nomination of Joe Tavaglione to the position of Vice Chair.

Motion – Hubbard. Second – Barnhart.

Ayes: Hubbard, Anderson, Barnhart, Tavaglione, Sutter, Stockton, Curtin, and Elliott

Noes: None

Abstain: None

Absent: Acharya

PUBLIC UTILITIES BOARD COMMITTEE ASSIGNMENTS

Newly appointed Chair Anderson appointed the following Board Members to the Property, Electric, Water, and Finance/Marketing Committees as listed below:

(A) **Property Committee**

Joe Tavaglione
Bob Stockton
Ken Sutter
Robert Elliott

(B) **Electric Committee**

Peter Hubbard
Lalit Acharya
Ken Sutter

(C) **Water Committee**

Bob Stockton
Dave Barnhart
Mary Curtin

(D) **Finance/Marketing Committee**

Jim Anderson (Chair)
Property Committee Chair
Electric Committee Chair
Water Committee Chair

Chair Anderson requested that each Committee appoint their own Chair at their upcoming meeting and that the newly appointed Chairs will be on the Finance/Marketing Committee.

MINUTES

- (1) The regular meeting minutes from the Board of Public Utilities meeting held on February 17, 2006 was deferred to the next meeting.

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

FINANCE/MARKETING COMMITTEE REPORT – The Finance/Marketing Committee meeting scheduled on February 24, 2006 was cancelled.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar with the exception of Item 6, **AWARD A CONTRACT TO TETRA TECH, INC., FOR THE "PRELIMINARY DESIGN REPORT" OF THREE POTABLE WATER STORAGE RESERVOIRS**, which was moved to the Discussion Calendar:

Motion – Curtin. Second – Tavaglione.

Ayes: Hubbard, Anderson, Barnhart, Tavaglione, Sutter, Stockton, Curtin, and Elliott

Noes: None

Abstain: None

Absent: Acharya

ELECTRIC ITEMS

- (2) **PUBLIC WORKS' STREET IMPROVEMENT
WORK ORDER 050007-4**

The Board of Public Utilities approved the estimated capital expenditure of \$210,000 for the installation of streetlights on Victoria Avenue from La Sierra to Boundary.

This is in conjunction with Public Works' La Sierra Street Improvement.

- (3) **THREE-PHASE 12 kV UNDERGROUND LINE EXTENSION
WORK ORDER 0604200**

The Board of Public Utilities approved the estimated capital expenditure of \$65,000 for the underground electrical facilities to serve The Village Shopping Center at 1006 Alessandro Boulevard northeasterly corner of Barton Road.

Funds are budgeted and available for this project in the Distribution Line Extension Account No. 6130000-470601.

- (4) **12 kV UNDERGROUND LINE EXTENSION
WORK ORDER 644086**

The Board of Public Utilities approved the estimated capital expenditure of \$370,000 to install underground primary line extensions to serve 152 Single Family Residences (Tract 31238) located at Krameria Avenue, westerly of Taft Road.

Funds are budgeted and available for this project in the Major Tract Distribution Account No. 6130000-470626 and will be partly reimbursed by the Developer.

(5) APPROVAL TO PAY REBATES OF \$197,574 TO BIG 5 CORPORATION FOR ENERGY EFFICIENCY IMPROVEMENTS

The Board of Public Utilities approved and recommended that the City Council:

1. Approve the incentive of \$197,574 for the Energy-Efficiency Program stated above for Big 5 Corporation; and
2. Approve the incentives in accordance with the payment schedule above for Big 5 Corporation.

WATER ITEMS

(6) **MOVED TO DISCUSSION CALENDAR**

OTHER ITEMS

(7) RETIRED POLK STREET WELL SITE – SURPLUS PROPERTY DECLARATION

The Board of Public Utilities approved and recommended City Council approval of a declaration stating that the retired Polk Street Well site is surplus to the current and anticipated needs of the Public Utilities Department.

(8) ALPHA MATERIALS, INC., LICENSE AGREEMENT

The Board of Public Utilities approved and recommended City Council approval of the subject License Agreement with Alpha Materials, Inc.

(9) CHANGE ORDER NO. 1 FOR PURCHASE ORDER 065023 – MTGL, INC., FOR CONSTRUCTION TESTING SERVICES FOR THE CASA BLANCA CUSTOMER RESOURCE CENTER

The Board of Public Utilities:

1. Approved Change Order No. 1 for Purchase Order No. 065023, in the amount of \$9,246 for the geotechnical, construction, and materials testing needed to verify that the additional grading and retaining wall construction needed at the Casa Blanca Customer Resource Center are performed in accordance with the specifications and the Geotechnical Report requirements for the site; and
2. Authorized the Public Utilities General Manager, or his designee, to approve any additional change orders required for Purchase Order No. 065023, up to a limit of \$10,000, as the need arises.

DISCUSSION CALENDAR

(6) **AWARD A CONTRACT TO TETRA TECH, INC., FOR THE "PRELIMINARY DESIGN REPORT" OF THREE POTABLE WATER STORAGE RESERVOIRS**

Board Member Barnhart requested this item be placed on the discussion calendar as he wanted to know the delivery schedule. Assistant Director/Water Milligan reported that the preliminary design report has three pieces, one for each reservoir: The Whitegates #1 Reservoir report due by May 2006 and the balance of the report would be complete by the end of June or early July 2006, which is part of the contract.

Following discussion, the Board of Public Utilities:

1. Authorized a budget transfer of \$285,000 from the Property Acquisition Account No. 470805 to the Reservoir Additions/Betterment Account No. 470740 of the Water Capital Fund; and
2. Approved the estimated capital expenditure of \$285,000 for Work Order No. 0606445 for the "Preliminary Design Report" of three potable water storage reservoirs; and
3. Awarded a contract for engineering services to Tetra Tech, Inc., for the "Preliminary Design Report" of three potable water storage reservoirs, amount not-to-exceed \$241,965.

Motion – Barnhart. Second – Tavaglione.

Ayes: Hubbard, Anderson, Barnhart, Tavaglione, Sutter, Stockton, Curtin, and Elliott

Noes: None

Abstain: None

Absent: Acharya

(10) **MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF RIVERSIDE AND WESTERN MUNICIPAL WATER DISTRICT**

General Manager Wright reported that to formalize the work efforts between

Western Municipal Water District and the City of Riverside, a Memorandum of Understanding (MOU) was drafted and includes both short and long-range issues. The MOU will act as a planning and status document as work progresses towards meeting the goals of the MOU. The MOU includes issues suggested by elected and appointed officials, and staff and attorneys from both agencies. The MOU should be viewed a significant step to ensure that safe, reliable water supplies exist for Riverside residents and businesses for generations to come.

Some of the Short-Range Issues and Long-Range Issues of the MOU are as follows:

Short –Range Issues:

- Exchange of properties
- Retail water service within the City of Riverside
- School conservation programs and pilot water management program
- Riverside and Arlington Basin studies
- Reassigning Riverside sewer customers in Orangecrest /Mission Grove to WMWD
- Utilization of WMWD Water Treatment Plant recycled water
- Perris Valley Pipeline coordination
- Joint legislative efforts
- Purple pipe ordinance
- Additional extraction agreement
- Expanded water sales to other parties
- LAFCO proceedings

Long-Range Issues

- Regional and recycled water utilization plan
- Seven Oaks water rights and supplies
- Increased conservation programs and implementation strategy
- Regional Planning
- SARI line usage potential by Riverside
- Emergency connections
- Joint water storage
- Oversizing of infrastructure
- Bunker Hill conjunctive use
- Riverside County Flood Control Basin recharge issues

Mr. John Rossi, General Manager of WMWD, expressed to the Board that WMWD looks forward to working with the City of Riverside on these issues.

Board Chair Anderson requested that in conjunction with our water rights application and other legal matters that when WMWD hold closed sessions regarding these matters that the City of Riverside's attorneys be present.

Following discussion, the Board of Public Utilities approved and recommended that the City Council adopt the Memorandum of Understanding (MOU) with Western Municipal Water District.

Motion – Stockton. Second – Sutter.

Ayes: Hubbard, Anderson, Barnhart, Tavaglione, Sutter, Stockton, Curtin, and Elliott

Noes: None

Abstain: None

Absent: Acharya

(11) PROPOSED THREE-YEAR WATER RATE INCREASE

General Manager Wright introduced Mr. Richard Barton from Kennedy/Jenks Consultants who reported on the 3rd Party Review that was discussed at the public hearing and informed the Board that an official report will be placed on the next Board agenda.

The Board of Public Utilities and staff discussed and commented on the Public Hearing on March 2, 2006, regarding the Proposed Three-Year Water Rate Increase.

The following are some comments stated:

Mary Curtin

- Need more customer education
- Brag more about water

Dave Barnhart

- Concerned about the 18% of water losses (leaks, slow meters, etc.)
- Meter replacements
- Capital project CIP Fund
- Rate increases are being spent for what we say it is being spent for

Bob Elliott

- Promote as shareholders (part owners) not customers

Ken Sutter

- Get rate schedule of Alvord school in Corona
- Get costs for All schools in the region
- News release coverage – we need a better review (GM Wright will call the Editor of the Press), provide graphics, more detailed information

Jim Anderson

- Water audits for schools (publicize that we saved the schools \$\$'s)
- How to respond over a longer period than three years
- Reserves = \$139M / \$45M new development
- Good feedback

Bob Stockton

- Supports Rate Increase
- Whitegates Reservoir – infrastructure bad
- Look at "Special" school rates for fixed income

- Push out the increase for more than three years
- Reserves = \$28M should be \$40M
- Adjustment to the GFT – keep the same low percentage on water BUT raise electric percentage
- Get a report back on SHARE
- Graphics to show needs to do now and what it will be in the future
- \$45M should not be part of the \$139M (AB1600)

(12) ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY A MEMBER OF THE BOARD OF PUBLIC UTILITIES

None.

DIRECTOR'S REPORT

- (A) State and Federal Legislative Update
- (B) Monthly Power Supply Report — December 2005
- (C) Financial Statements – November 2005
- (D) Rolling Calendar Outlining Future Utility Projects as of January 27, 2006
- (E) City Council Agenda – January 24, 2006

SYSTEMATIC REPORTING ON CONFERENCES/SEMINARS

Board Member Ken Sutter reported that he attended the APPA Legislative Rally in Washington, DC and distributed an APPA summary of what was discussed at the rally.
(Please see the summary memo distributed for more detail)

UPCOMING MEETING

Newly appointed Chair Jim Anderson adjourned the meeting at 9:25 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, March 17, 2006**, at **8:15** a.m. in the Art Pick Council Chamber at City Hall located at 3900 Main Street in Riverside, California.

By: _____
David H. Wright, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: _____ March 17, 2006